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Sulphur Springs Valley Electric Cooperative, Inc.

A Touchstone Energy® Cooperative

311 E. Wilcox Dr. • Sierra Vista, AZ 85635

February 15, 2012

Arizona Corporation Commission
DOCKETED
FEB 15 2012
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Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Re: 2011 Annual Compliance Report by Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC); Docket No. E-01575A-10-0308.

Dear Sir or Madam:

Pursuant to the requirements of A.A.C. R14-2-1812 (A) & (B), SSVEC submits our Annual Compliance Report for the calendar year 2011. An electronic copy of this report is also being transmitted to the Director of the Utilities division.

Sincerely,

JS Blair

J.S. Blair
Chief Member Services Officer
Sulphur Springs Valley Electric Cooperative, Inc.

JSB/db
Enclosure

Original and 13 copies filed with Docket Control this 15th day of February, 2012

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SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

RENEWABLE ENERGY STANDARD
AND TARIFF COMPLIANCE REPORT FOR 2011
R14-2-1814

INTRODUCTION

Pursuant to A.A.C. R14-2-1814, Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) submits our compliance report for calendar year 2011. This report relates to the REST plan for 2011 and 2012 was approved by Decision No. 72395 dated May 27, 2011 pursuant to R14-2-1814

EXECUTIVE SUMMARY

The REST Plan uses surcharge dollars from SSVEC retail tariffs to support programs for developing renewable facilities, purchasing renewable energy and participation in large-scale renewable generation projects. Funds are also used for administration, advertising and educational activities.

This report covers activity for calendar year 2011. R14-2-1814.A provides that upon approval of SSVEC's REST Plan, its provisions substitute for the Annual Renewable Energy and Distributed Renewable Energy requirements of rules 1804 and 1805, respectively. SSVEC's current retail tariffs (as required under the REST Rules) were approved by the Commission at its Open Meeting on May 27, 2011.

With the change in Federal Tax rules in 2009, our requests for incentives exceeded our available funds and a reservation system was initiated to fairly deal with the backlog of requests. Incentives are paid based on the REST program in place at the time we accepted the reservation. By the end of 2011 we paid the last of the 2009 program residential reservations and began working on the 2010 reservations. All customers still on the reservation list were advised at the time they reserved their incentives that we were "oversubscribed" and would have to wait for their reservations to reach the "top of the list". Our customers have appreciated our open communication regarding the reservation list and with the decline in the cost of PV systems have been able to install their systems at a noticeable savings from the time they reserved their incentives.

POINT of CONTACT

For questions regarding this report please contact:

David Bane
SunWatts Program Manager
520-515-34725
dbane@ssvec.com

2011 REST program
Year End Finacial Report

Income	Estimated REST Collections $ 3,311,791	Actual Collected
Loan Fund from Surcharge	$ 200,000	$ 206,232
Program Costs (R&D, Advertising, Admin)	$ 225,000	$ 232,011
Habitat for Humanity projects	$ 15,000	$ 15,467
School Solar Project (debt service)	$ 1,000,000	$ 1,031,160
Utility Scale Project	$ 650,000	$ 670,254
SunWatts Incentives Residential	$ 806,708	$ 831,845
SunWatts Incentives Commercial	$ 315,537	$ 325,369
PBI Residential	$ 55,000	$ 56,714
PBI Commercial	$ 45,000	$ 46,402
		$ 3,415,453

Expenses		% of Budget spent
Loan Fund	$ 148,504	72%
R&D	$ 24,271	61%
Advertising	$ 367	
Administration	$ 115,938	
Habitat for Humanity projects	$ -	0%
School Solar Project (CREBs 1debt service)	$ 788,018	76%
Utility Grade Project	$ -	0%
SunWatts Incentives Residential	$ 1,324,727	159%
SunWatts Incentives Commercial	$ 590,436	181%
PBI Residential	$ 56,118	99%
PBI Commercial	$ 40,439	87%
Total	$ 3,088,817	
Year End Balance	**$ 326,636**	

NOTE: The utility grade project has not been started so there was no debt to service. Funds for debt service were used to accelerate the backlog of incentives for Residential and Commercial customers.

REST Compliance Report for 2011

1. The actual kWh of energy or equivalent obtained from Eligible Renewable Energy Resources ("ERER")

Residential	System Count			kW	kWh	kW	Est. 2011 Production (kWH)		
Month	PV	SWH	Wind	PV	SWH	Wind	PV	SWH	Wind
Jan	5	5		26.551	15,798		57,350	15,798	0
Feb	5	3		28.106	9,034		55,650	8,281	0
Mar	10	1	1	62.5	3,347	1	112,500	2,789	48
Apr	11	1		55.8	2,600		90,396	1,950	0
May	3	1		14.4	3,034		20,736	2,023	0
Jun	6	5		41.649	12,565		52,478	7,330	0
Jul	6	1		23.324	2,177		25,190	1,089	0
Aug	9	0		46.81	-		42,129	-	0
Sep	10	3		54.74	8,834		39,413	2,945	0
Oct	9	1		41.505	3,034		22,413	759	0
Nov	8	6		36.92	20,967		13,291	3,495	0
Dec	7	7		23.735	20,870		4,272	1,739	0
Totals	89	34	1	456.04	102260	1	535,818	48,196	48

C&I	System Count			kW	kWh	kW	Est. 2011 Production (kWH)		
Month	PV	SWH	Wind	PV	SWH	Wind	PV	SWH	Wind
Jan	2			57.1			123,336	-	0
Feb	6			108.615			215,058	-	0
Mar	2			18.68			33,624	-	0
Apr		4			11,878		-	8,909	0
May							-	-	0
Jun	2			35.22			44,377	-	0
Jul							-	-	0
Aug	1			1.32			1,188	-	0
Sep	3			47.915			34,499	-	0
Oct	7			56.53			30,526	-	0
Nov	4			113.462			40,846	-	0
Dec	3			36.94			6,649	-	0
Totals	30	4	0	475.782	11878	0	530,103	8,909	0

Note: SSVEC does not require PV production meters so all production is estimated using the following formula:

DC nameplate rating X 6 hours X 365 days

2. The kWh of energy or equivalent obtained from the ERER normalized to reflect a full year's production

Residential	System Count			kW	kWh	kW	Normalized full 2011 Production (kWH)		
Month	PV	SWH	Wind	PV	SWH	Wind	PV	SWH	Wind
Jan	5	5		26.551	15,798		57,350	15,798	0
Feb	5	3		28.106	9,034		60,709	9,034	0
Mar	10	1	1	62.5	3,347	1	135,000	3,347	57.6
Apr	11	1		55.8	2,600		120,528	2,600	0
May	3	1		14.4	3,034		31,104	3,034	0
Jun	6	5		41.649	12,565		89,962	12,565	0
Jul	6	1		23.324	2,177		50,380	2,177	0
Aug	9	0		46.81	-		101,110	-	0
Sep	10	3		54.74	8,834		118,238	8,834	0
Oct	9	1		41.505	3,034		89,651	3,034	0
Nov	8	6		36.92	20,967		79,747	20,967	0
Dec	7	7		23.735	20,870		51,268	20,870	0
Totals	89	34	1	456.04	102260	1	985,046	102,260	57.6

C&I	System Count			kW	kWh	kW	Normalized full 2011 Production (kWH)		
Month	PV	SWH	Wind	PV	SWH	Wind	PV	SWH	Wind
Jan	2			57.1			123,336	-	0
Feb	6			108.615			234,608	-	0
Mar	2			18.68			40,349	-	0
Apr		4			11,878		-	11,878	0
May							-	-	0
Jun	2			35.22			76,075	-	0
Jul							-	-	0
Aug	1			1.32			2,851	-	0
Sep	3			47.915			103,496	-	0
Oct	7			56.53			122,105	-	0
Nov	4			113.462			245,078	-	0
Dec	3			36.94			79,790	-	0
Totals	30	4	0	475.782	11878	0	1,027,689	11,878	0

Note: SSVEC does not require PV production meters so all production is estimated using the following formula:

DC nameplate rating X 6 hours X 365 days

3. The kW of generation capacity, disaggregated by technology type

	PV		Wind		Other		Solar WH	
	Count	Watts	Count	Watts	Count	RECs	Count	RECs
2005	37	35,593						
2006	14	16,790						
2007	49	83,145	3	15,000				
2008	77	149,416	10	22,000	1	1,604,129		
2009	237	1,769,013	18	56,690	1	1,047,000	42	102,205
2010	127	568,404	4	9,200	2	3,635,621	22	61,999
2011 YTD	119	931,442	1	1,000	2	3,026,088	38	114,138
Totals	660	3,553,803	36	103,890	2	9,312,838	102	278,342
	Total System Count =		800					

The "Other" renewable technologies in the SSVEC REST program are:

1 – Biomass Boiler using Pecan Shells to replace a Natural Gas Boiler

1 – GeoThermal well to replace a Natural Gas Boiler.

4. Cost information regarding cents per actual kWh of energy obtained from ERER and cents per kW of generation capacity, disaggregated by technology type

Residential PV

Incentives Paid in 2011	$ 1,179,804
Capacity of systems that received an incentive in 2011	403.145 kW
Estimated 30 year production	26,489,626 RECs
Estimated Cost per REC	$0.0445
Estimated Cost per kW	$2,926.50

Residential SWH

Incentives paid in 2011	$ 110,798
Annual kWh production	151,203 kWh
Estimated 20 year production	3,024,060 kWh
Estimated Cost per kWh (20 year term)	$0.0366

Residential Wind

Incentives paid in 2011	$ 12,570
Capacity of systems that received an incentive in 2011	3.4 kW
Estimated 30 year production	7,446 RECs
Estimated Cost per REC	$1.688
Estimated Cost per kW	$3,697.05

Commercial PV

Incentives paid in 2011	$ 434,208
Capacity of systems that received an incentive in 2011	119.43 kW
Estimated 30 year production	7,846,551 RECs
Estimated Cost per REC	$0.0553
Estimated Cost per kW	$3,635.67

Commercial SWH

Incentives paid in 2011	$8,224
Annual kWh production	11,878 kWh
Estimated 20 year production	237,560 kWh
Estimated Cost per kWh (20 year term)	$0.0346

5. A breakdown of the Renewable Energy Credits used to satisfy both the Annual Renewable Energy Requirement and the Distributed Renewable Energy Requirement and appropriate documentation of the Affected Utility's receipt of those Renewable Energy Credits

For 2011 SSVEC does not have any Utility Scale system nor did we purchase any RECs from a qualifying facility. Because of our backlog of reservations for Residential and Commercial systems we did not feel it was appropriate to purchase RECs while we owe incentives to Customers.

Program Totals Converted to RECs				
Assumption	6 hrs x nameplate x 365 = annual RECs			
Assumption	Wind has a 20% load factor (i.e. only produces nameplate output 20% of the day)			
PV watt	3,553,803			
Wind Watts	103,890			
PV RECs	7,782,829			
Wind RECs	182,015			
Other RECs	3,026,088			
SWH RECs	278,342			
Total RECs	11,269,274	Per Year (2011 YTD)		
2011 MWh sales = 835,767			Renewable Goal = 12,537 MWh	Achieved YTD = 11,269 MWh
			Percentage of goal achieved = 90%	

The following is the production report for the GeoThermal project

	Actual Production					REST Payments					RECs Assigned			
						Monthly Total Max	SSVEC	MEC	GCEC	DVEC	SSVEC	MEC	GCEC	DVEC
Month	Date	Days	Meter Readings	KBTU	RECs	Incentive Caps Met	40%	33%	19%	8%	40%	33%	19%	8%
December	12/31/2010		1,133,209											
January	1/31/2011	31	2,891,965	2,891,965	847,756	$ 38,149.02	$ 15,259.61	$ 12,589.18	$ 7,248.91	$ 3,051.92	339,103	279,759	161,024	67,809
February	2/27/2011	28	4,320,074	1,428,683	418,834	$ 18,835.65	$ 7,534.26	$ 6,216.31	$ 3,578.82	$ 1,506.45	167,708	138,365	79,623	33,521
March	4/1/2011	31	5,786,779	1,466,705	429,743	$ 19,318.33	$ 7,727.33	$ 6,375.18	$ 3,671.28	$ 1,545.87	172,093	141,914	81,691	34,379
April	5/2/2011	31	6,714,152	927,373	271,718	$ 12,227.30	$ 4,890.92	$ 4,035.01	$ 2,323.19	$ 978.18	108,687	89,667	51,626	21,737
May	6/1/2011	30	7,230,467	516,315	151,279	$ 6,807.55	$ 2,723.02	$ 2,246.40	$ 1,293.43	$ 544.60	60,512	49,922	28,743	12,102
June	7/6/2011	35	7,444,104	213,637	63,181	$ 2,843.13	$ 1,137.26	$ 938.24	$ 540.20	$ 227.48	25,272	20,850	12,004	5,054
	Semi-annual payment amounts subject to max pmt of	$ 44,763.00		2,181,689		$ 88,763.00	$ 17,905.20	$ 14,771.79	$ 8,503.97	$ 3,581.04	972,676	759,957	616,921	174,535
					Average REC cost =	$ 0.03062								
July	8/1/2011	28	7,437,879	11,775	3,450	$ 155.25	$ 62.10	$ 51.23	$ 29.50	$ 12.42	1,867	1,119	656	276
August	9/1/2011	31	7,442,413	4,534	1,328	$ 59.78	$ 23.91	$ 19.73	$ 11.36	$ 4.78	531	438	252	106
September	10/3/2011	30	7,963,543	506,130	148,537	$ 6,684.15	$ 2,673.66	$ 2,205.09	$ 1,269.89	$ 527.53	58,615	48,357	27,842	11,723
October	11/1/2011	31	8,872,329	909,786	266,567	$ 11,995.34	$ 4,798.14	$ 3,956.46	$ 2,279.11	$ 959.63	106,626	87,966	50,647	21,325
November	12/1/2011	30	10,117,228	1,244,900	364,704	$ 16,413.93	$ 6,565.57	$ 5,416.66	$ 3,118.65	$ 1,313.11	145,962	120,389	69,303	29,180
December	1/3/2012	33	11,387,902	1,420,674	416,254	$ 18,731.41	$ 7,492.57	$ 6,181.37	$ 3,558.97	$ 1,498.51	166,561	137,368	79,088	33,298
	Semi-annual payment amounts subject to max pmt of	$ 44,763.00		3,198,886		$ 44,763.00	$ 17,905.20	$ 14,771.79	$ 8,503.97	$ 3,581.04	479,554	395,632	227,788	95,911
					Average REC cost =	$ 0.03734								
						For 2011	$ 35,810.40	$ 29,543.59	$ 17,009.94	$ 7,162.08	1,852,230	1,115,590	642,709	270,446

The following is the production report for the bio-mass boiler.

Baseline		2011		2011 Usage and Rebate data			
Greehouse (4 year)	Spec Greenhouse (2 Yr)	Greenhouse	Specialty Greenhouse	Btu reduction via bio fuel (in Therms)	Btu Savings	Equivalent kWh kWh = 3415 BTU	UCPP Recommended rebate
12,958	4,157	4,575	3,930	8,383	838,325,000	245,483	$ 3,682
15,336	3,681	3,726	3,601	11,610	1,160,975,000	339,963	$ 5,099
9,946	3,331	3,467	4,073	6,479	647,875,000	189,714	$ 2,846
8,824	2,244	1,792	2,017	7,032	703,175,000	205,908	$ 3,089
6,207	2,499	3,746	1,654	2,461	246,075,000	72,057	$ 1,081
4,509	1,573	884	1,455	3,625	362,500,000	106,149	$ 1,592
2,522	661	193	817	2,329	232,850,000	68,184	$ 1,023
1,111	116	0	515	1,111	111,100,000	32,533	$ 488
2,008	358	0	1,136	2,008	200,800,000	58,799	$ 882
4,298	1,126	2850	1556	1,448	144,825,000	42,408	$ 636
8,531	2,528	1,751	3,168	6,780	678,000,000	198,536	$ 2,978
13,230	3,337	9,333	3,459	3,897	389,725,000	114,122	$ 1,712
89,479	**25,607**	**32,317**	**27,381**	57,162	5,716,225,000	1,673,858	$ 25,108

Installed Cost of System	
First year lease	$ 31,486
Lease year 2-4	$ 91,342
Downpayment	$ 11,000
Installation	$ 27,860
Total	**$ 161,688**
Rebate Max (60% of cost)	$ 97,013
First Year (2008)	$ 24,062
Second Year (2009)	$ 34,404
Third Year (2010)	$ 31,002
Fourth Year (2011)	$ 7,545
Total Rebate Paid =	$ 97,013

		Project Cost per kW =	$ 132.53
Compared to PV			
1kW of PV =	2190 kWh per year		
Fourth year calculated production			
1,673,858 kWh =		764 kW of PV equivilent	
Cost per REC =	$ 0.0029	over 20 years	
PV Reabate @ $4.00 per watt =		$ 3,057,275	
Biomasss converted	1,080,560	lbs	

6. A description of the Affected Utility's procedures for choosing ERER and a certification from an independent auditor that those procedures are fair and unbiased and have been appropriately applied

SSVEC maintains a reservation system that is based on the date of application. We do not use a competitive bidding system for projects so there is nothing for an independent auditor to review or certify.

Report that is updated on our website monthly.

Renewable Recap for SSVEC

	PV		Wind		Other		Solar WH	
	Count	Watts	Count	Watts	Count	RECs	Count	RECs
2005	37	35,593						
2006	14	16,790						
2007	49	83,145	3	15,000				
2008	77	149,416	10	22,000	1	1,604,129		
2009	237	1,769,013	18	56,690	1	1,047,000	42	102,205
2010	127	568,404	4	9,200	2	3,635,621	22	61,999
2011 YTD	119	931,442	1	1,000	2	3,026,088	38	114,138
Totals	660	3,553,803	36	103,890	2	9,312,838	102	278,342

Total System Count = 800

Program Totals Converted to RECs

Assumption	6 hrs x nameplate x 365 = annual RECs	
Assumption	Wind has a 20% load factor (i.e. only produces nameplate output 20% of the day)	
PV watt	3,553,803	
Wind Watts	103,890	
PV RECs	7,782,829	
Wind RECs	182,015	
Other RECs	3,026,088	
SWH RECs	278,342	
Total RECs	11,269,274	Per Year (2011 YTD)

2011 MWh sales = 835,767 Renewable Goal = 12,537 MWh Achieved YTD = 11,269 MWh

Percentage of goal achieved = 90%

Program Totals Converted to Watts

Assumption	RECs divided by 2190 = equivilent PV panel Watts	
Assumption	Wind has a 20% load factor (i.e. only produces nameplate output 20% of the day)	
PV Watts	3,553,803	
Wind Watts	83	(derated for assumed load factor)
Other Watts	1,382	
SWH Watts	127	
Total Watts	3,555,395	Installed

Installed Systems waiting for Incentives

	PV	Wind	SWH	Total
Residential	4	0	12	16
C&I	2	0	0	2
				18

Special Note: These 18 unpaid systems were completed in December but after the December incentive processing deadline, not because of a lack of funds.

Dollar Value of Incentives outstanding		
	Residential	$ 33,871
	C&I	$ 15,725
	Total	$ 49,596

Systems Reserved but NOT Installed

Type	Count	Watts
Res PV	277	1,691,478
Res SWH	123	369,000
RES Wind	12	39,000
C&I	48	1,055,260
C&I SWH	94	376,000

Residential Incentives Reserved		$ 4,526,645
C&I Incentives Reserved		$ 2,677,427
	Total	$ 7,204,071

Other RECs (PBI)

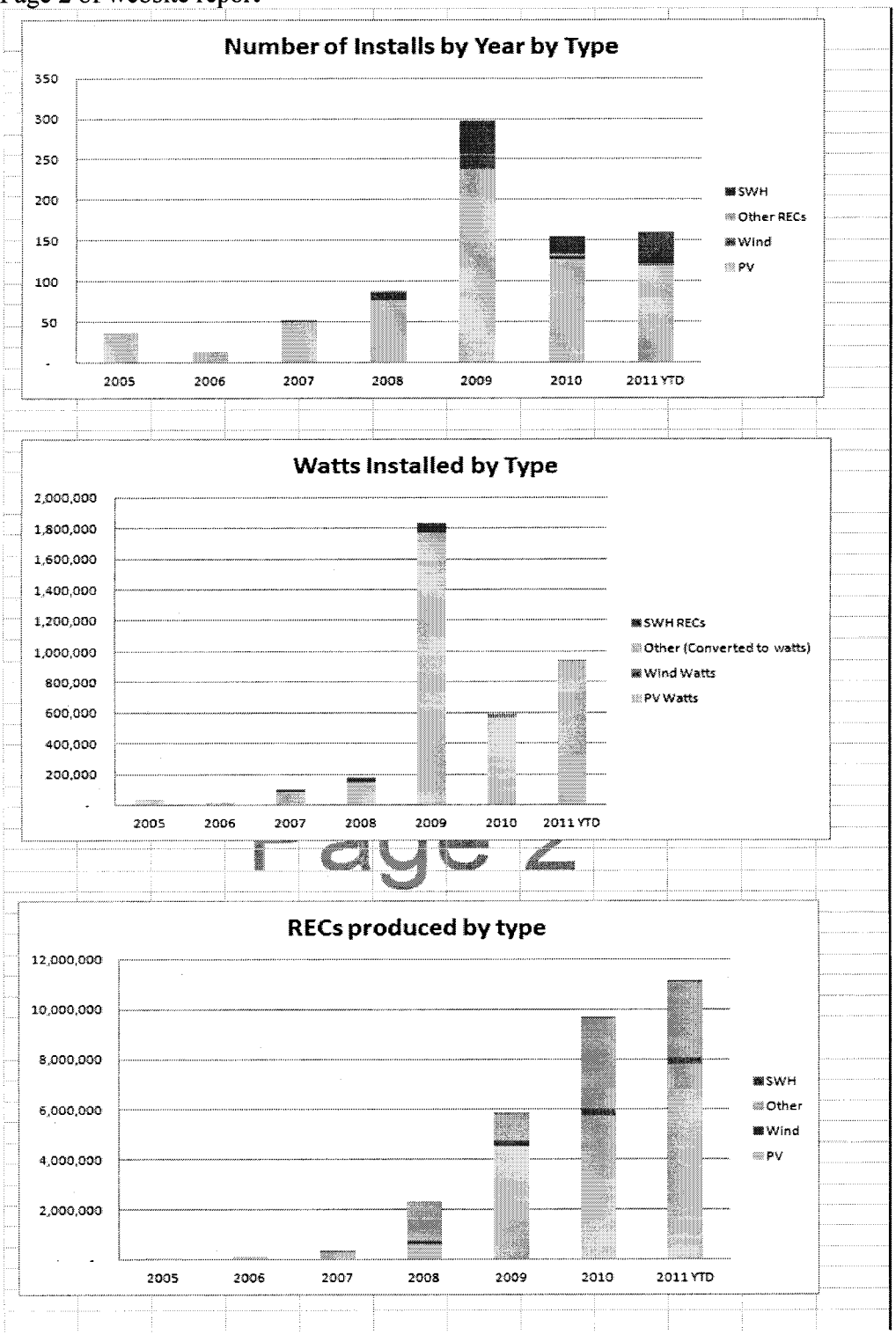
2008	1,604,129	RECs	This is the use of bio-mass to replace Natural Gas (Sunizona Greenhouse)
2009	1,047,000	RECs	This is the use of bio-mass to replace Natural Gas (Sunizona Greenhouse)
2010	1,568,849	RECs	This is the use of Geo-Thermal energy to replace Natural Gas and is YTD (WXGreenhouse)
2010	2,066,772	RECs	The 2010 bio-mass RECs (Sunizona Greenhouse)

Updated as of 1/3/2012

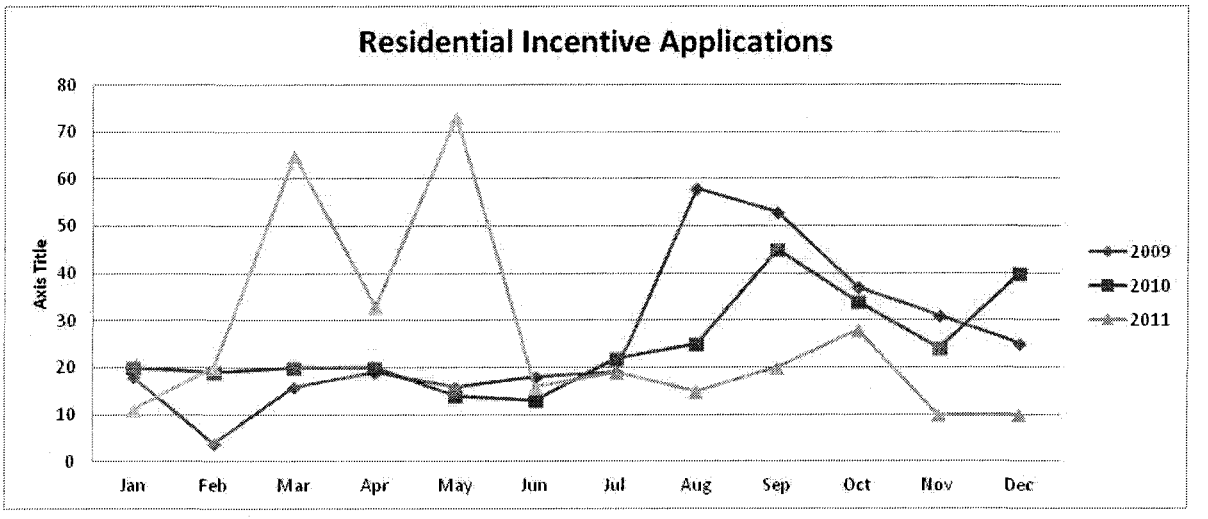
Current Rest Fund Balances as of 1/1/12

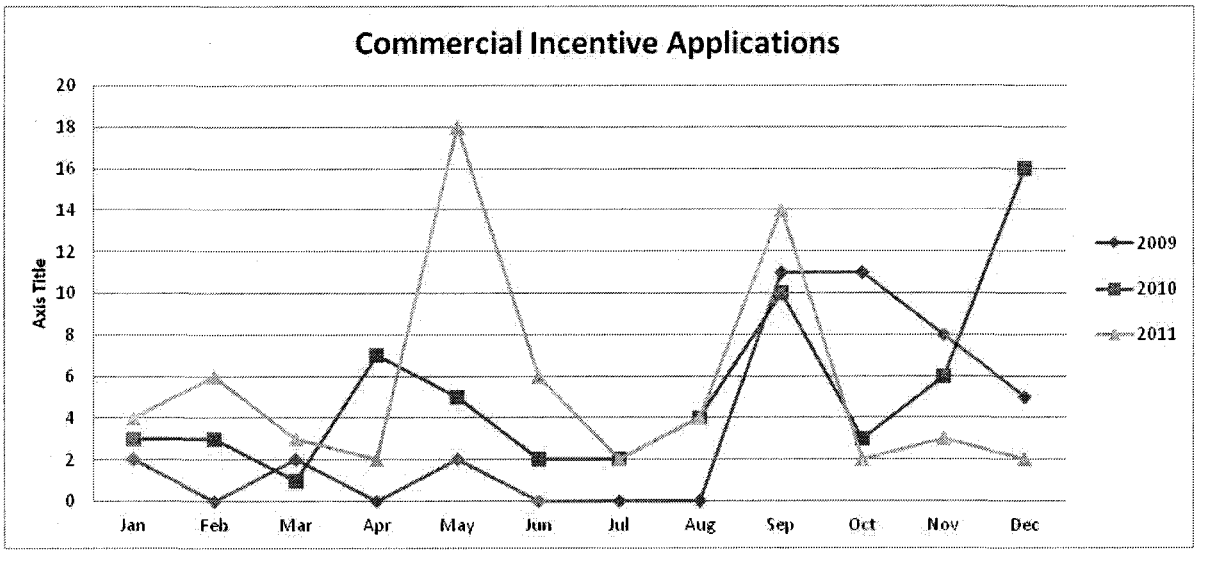
	Spent	Balance	
Loan Fund	$ 148,504	$ 57,728	17.7%
Program Costs (R&D, Advertising, Admin)	$ 140,575	$ 91,436	28.0%
Habitat for Humanity projects	$ -	$ 15,467	4.7%
School Solar Project (CREBs 1 debt service)	$ 788,018	$ 243,142	74.4%
Utility Scale Project	$ -	$ 670,254	205.2%
SunWatts Incentives Residential	$ 1,324,727	$ (492,883)	-150.9%
SunWatts Incentives Commercial	$ 590,436	$ (266,067)	-81.2%
PBI Residential	$ 56,118	$ 596	0.2%
PBI Commercial	$ 40,439	$ 5,963	1.8%
Total Funds	$ 3,088,817	$ 326,636	100.0%

Page 2 of website report

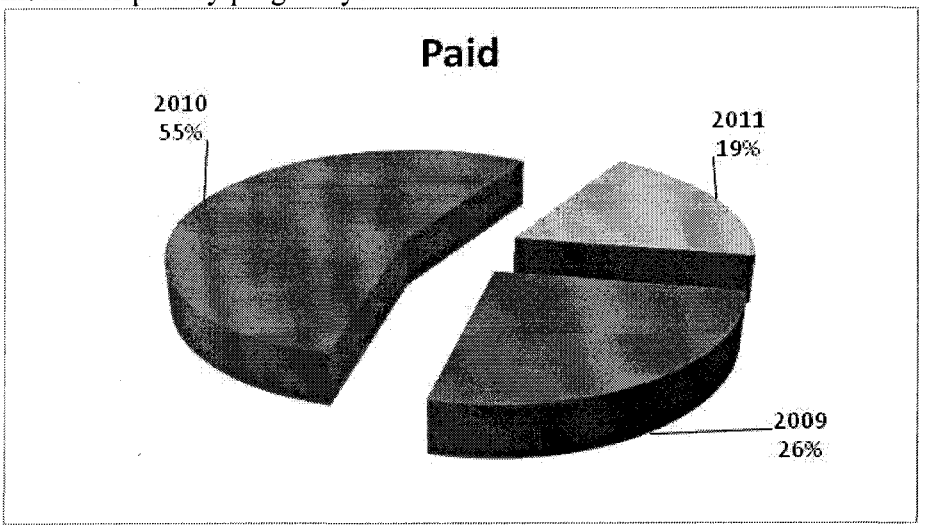


The following graphs illustrate the trends of our program.

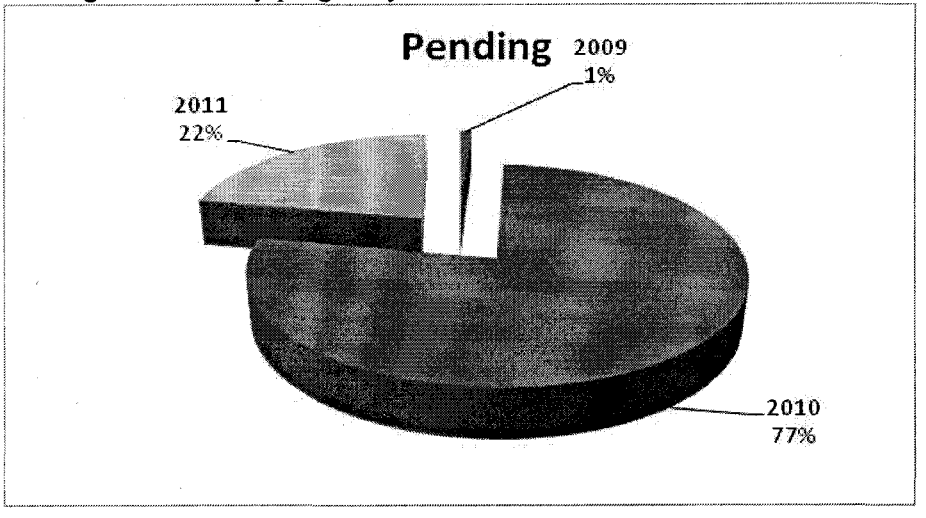




Incentives paid by program year.



Pending Incentives by program year.



2011 installs by program year